

Message Text

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PAGE 01 STATE 021889

13

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SPECIAL CHARGE:EXIMBANK

DRAFTED BY:XMB:AMOHANIAN

APPROVED BY:EB/OCA/REP:JBRABENS

ARA/PAN:DJPEASHOCK

WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

EB/IFD/ODF:BGCROWE

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FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

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E.O. 11652: N/A

TAGS: APUB, PN

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO PANAMA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 1,320,000 TO CORPORACION AZUCARERA LA VICTORIA.

RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C.
FOR A.M. PAPERS, WEDNESDAY, FEBRUARY 12, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 1,320,000 SUPPORTS DOLS 2.9
MILLION SALE OF U.S. EQUIPMENT FOR SUGAR MILL IN PANAMA

TO HELP FINANCE A DOLS 2,933,000 SALE OF U.S. GOODS AND SERVICES
REQUIRED FOR THE EXPANSION OF A SUGAR MILL IN SANTIAGO, PANAMA,
THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
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PAGE 02 STATE 021889

STATES, PURSUANT TO AN EXIMBANK PRELIMINARY COMMITMENT APPROVED

IN MAY 1974, HAS AUTHORIZED A DIRECT CREDIT OF DOLS 1,320,000 TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS AND A FINANCIAL GUARANTEE OF A CREDIT OF DOLS 1,320,000 FROM SOURCES NOT YET DESIGNATED, TO FINANCE ANOTHER 45 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, CORPORACION AZUCARERA LA VICTORIA, AN AUTONOMOUS INSTITUTION OF THE GOVERNMENT OF PANAMA, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 293,000.

CORPORACION AZUCARERA LA VICTORIA IS PLANNING TO EXPAND THEIR SUGAR MILL AT SANTIAGO FROM 4,500 ST PER DAY TO 5,900 ST PER DAY WITH MOST EQUIPMENT DESIGNED FOR A CAPACITY OF 6,240 ST. F.C. SCHAFER AND ASSOCIATES INC., OF BATON ROUGE, LOUISIANA, HAS BEEN ACTING AS CONSULTING ENGINEER AND WILL ASSIST IN SELECTION OF MACHINERY AND EQUIPMENT AND WILL CONTINUE AS CONSULTANTS FOR SUPERVISION OF ERECTION AND START-UP.

PROBABLE U.S. PURCHASES INCLUDE A GRINDING MILL FROM FULTON IRON WORKS, ST LOUIS, MISSOURI; GEAR REDUCERS FROM FACTORY SALES & ENGINEERING, INC., MATAIRIE, LOUISIANA; EVAPORATOR FROM NADLER, INC., PLAQUEMINE, LOUISIANA; BOILER FROM BIGELOW COMPANY, C/O FACTORY SALES & ENGINEERING, INC., AND A TURBO-GENERATOR FROM TURBODYNE CORPORATION, WELLSVILLE, NEW YORK.

THE LOANS ARE TO BE REPAYED IN 10 SEMIANNUAL INSTALLMENTS BEGINNING MAY 10, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 1,320,000 WILL BE REPAYED OUT OF THE LAST 5 INSTALLMENTS AT AN ANNUAL RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.17 PERCENT TO 9.42 PERCENT PER ANNUM. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY THE REPUBLIC OF PANAMA. UNQUOTE KISSINGER

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